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**ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

In the Matter of the Removal and Prohibition  
of:

**CHRIS BARTLEMUS**  
1814 East Patrick Lane  
Phoenix, AZ 85024

Respondent.

No. 08F-BD057-BNK

**NOTICE OF HEARING AND INTENT  
TO REMOVE AND PROHIBIT FROM  
FURTHER PARTICIPATION IN ANY  
MANNER IN THE CONDUCT OF THE  
AFFAIRS OF A FINANCIAL  
INSTITUTION OR ENTERPRISE**

PLEASE TAKE NOTICE that, pursuant to Arizona Revised Statutes ("A.R.S.") §§ 6-138, 6-161, and 41-1092.02, the above-captioned matter will be heard through the Office of Administrative Hearings, an independent agency, and is scheduled for June 16, 2008, at 9:00 a.m., at the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix, Arizona, (602) 542-9826 (the "Hearing").

The purpose of the Hearing is to determine whether grounds exist to remove or prohibit Respondent from further participation in any manner in the conduct of the affairs of a financial institution or enterprise pursuant to A.R.S. §§ 6-161(A), (B), and (C), and to prohibit Respondent, after a removal order has become final, from further participation in any manner as a director, officer, employee, agent or other person in the conduct of the affairs of any financial institution or enterprise pursuant to A.R.S. § 6-161(E).

Pursuant to A.R.S. § 6-138, the Superintendent of Financial Institutions for the State of Arizona (the "Superintendent") delegates the authority vested in the Superintendent, whether implied or expressed, to the Director of the Office of Administrative Hearings or the Director's designee to preside over the Hearing as the Administrative Law Judge, to make written recommendations to the Superintendent consisting of proposed Findings of Fact, Conclusions of Law, and Order. The Office of Administrative Hearings has designated Thomas Shedden, at the address and phone number listed above, as the Administrative Law Judge for these proceedings. Pursuant to Arizona Administrative Code ("A.A.C.") Rule 2-19-104 and A.R.S. §§ 41-1092.01(H)(1) and 41-1092.08, the

1 Superintendent retains authority to enter orders granting a stay, orders on motions for rehearing, final  
2 decisions pursuant to A.R.S. § 41-1092.08 or other order or process which the Administrative Law  
3 Judge is specifically prohibited from entering.

4 Motions to continue this matter shall be made in writing to the Administrative Law Judge **not**  
5 **less than fifteen (15) days** prior to the date set for the Hearing. A copy of any motion to continue  
6 shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office of  
7 Administrative Hearings.

8 A.R.S. § 41-1092.07 entitles any person affected by this Hearing to appear in person and by  
9 counsel, or to proceed without counsel during the giving of all evidence, to have a reasonable  
10 opportunity to inspect all documentary evidence, to cross-examine witnesses, to present evidence  
11 and witnesses in support of his/her interests, and to have subpoenas issued by the Administrative  
12 Law Judge to compel attendance of witnesses and production of evidence. Pursuant to A.R.S.  
13 § 41-1092.07(B), any person may appear on his or her own behalf or by counsel.

14 Pursuant to A.R.S. § 41-1092.07(E), a clear and accurate record of the proceedings will be  
15 made by a court reporter or by electronic means. Any party that requests a transcript of the  
16 proceedings shall pay the cost of the transcript for the court reporter or other transcriber.

17 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant  
18 Attorney General Craig A. Raby, (602) 542-8889, 1275 West Washington, Phoenix, Arizona 85007.

#### 19 **NOTICE OF APPLICABLE RULES**

20 On February 7, 1978, the Arizona Department of Financial Institutions (the "Department")  
21 adopted A.A.C. R20-4-1201 through R20-4-1220, which were amended September 12, 2001, setting  
22 forth the rules of practice and procedure applicable in contested cases and appealable agency actions  
23 before the Superintendent. The hearing will be conducted pursuant to these rules and the rules  
24 governing procedures before the Office of Administrative Hearings, A.A.C. R2-19-101 through  
25 R2-19-122. A copy of these rules is enclosed.

26 ...

1 Pursuant to A.A.C. R20-4-1209, Respondent shall file a written answer **within twenty (20)**  
2 **days** after issuance of this Notice of Hearing. The answer shall briefly state the Respondent's  
3 position or defense and shall specifically admit or deny each of the assertions contained in this  
4 Notice of Hearing. If the answering Respondent is without or is unable to reasonably obtain  
5 knowledge or information sufficient to form a belief as to the truth of an assertion, Respondent shall  
6 so state, which shall have the effect of a denial. Any assertion not denied is deemed admitted.  
7 When Respondent intends to deny only a part or a qualification of an assertion, or to qualify an  
8 assertion, Respondent shall expressly admit so much of it as is true and shall deny the remainder.  
9 Any defense not raised in the answer is deemed waived.

10 **If a timely answer is not filed, pursuant to A.A.C. R20-4-1209(D), Respondent will be**  
11 **deemed in default** and the Superintendent may deem the allegations in this Notice of Hearing as  
12 true and admitted and the Superintendent may take whatever action is appropriate pursuant to A.R.S.  
13 §§ 6-123, 6-131 and 6-161(B).

14 Respondent's answer shall be mailed or delivered to the Arizona Department of Financial  
15 Institutions, 2910 North 44th Street, Suite 310, Phoenix, Arizona 85018, with a copy mailed or  
16 delivered to the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix,  
17 Arizona 85007 and to Assistant Attorney General Craig A. Raby, Consumer Protection & Advocacy  
18 Section, Attorney General's Office, 1275 West Washington, Phoenix, Arizona 85007.

19 **Persons with disabilities may request reasonable accommodations such as interpreters,**  
20 **alternative format or assistance with physical accessibility.** Requests for accommodations must  
21 be made as early as possible to allow time to arrange the accommodations. If accommodations are  
22 required, call the Office of Administrative Hearings at (602) 542-9826.

### 23 **FACTS**

24 1. Respondent Chris Bartlemus ("Mr. Bartlemus") was employed as an escrow officer by  
25 Security Title Agency, Inc. dba Security Title Agency ("Security Title") at its Raintree Branch #47,  
26 from on or about early 2001 to June 2007.

1           2. Mr. Bartlemus was terminated from Security Title on or about June 2007.

2           3. Security Title is licensed by the Department as an escrow agent, License Number  
3 EA-000878.

4           4. On or around September 5, 2006, the Department conducted an examination of Security  
5 Title's business affairs. As a result of the examination, the Department discovered Mr. Bartlemus:

6           a. Failed to obtain and maintain adequate escrow file documentation; and

7           b. Failed to account properly for escrow property by improperly disbursing escrow  
8 funds, specifically:

9           i. Failed to account properly for escrow property as required by the terms of the  
10 escrow;

11           ii. Failed to disburse funds in accordance with the provisions of the HUD-1  
12 escrow; and

13           iii. Failed to follow written escrow instructions; specifically:

14                           **SECURITY TITLE AGENCY BRANCH #47, RAINTREE**

15                   **1. Buyer: Darwin Hunter / Seller: Gerald Collier—Escrow #47-3852-CB**

16   **Open Date: 03-21-06 Close Date: 04-28-06 HUD-1 Contract Sales Price: \$556,000.00**

17   **Escrow Officer: Chris Bartlemus**

18   **Cash-out: \$26,000 to April Lucero; invoice for D.L.A. Development, LLC**

19   **Loan Status: Foreclosed; Trustee Sale scheduled for 12-05-07**

- 20           1. The Final HUD-1 Escrow Settlement Statement shows the contract sales price as  
21           \$556,000.00. The Purchase Contract shows \$580,000.00 as the sale price. The  
22           addendum #1 dated 4-16-06 shows the sales price as \$556,000.00.  
23           2. The Final HUD -1 Escrow Settlement Statement indicated on line #1307 that  
24           \$26,000.00 was to be paid to D.L.A. Development, LLC. The pre-audit of 4-21-  
25           06 shows that \$60,000.00 was to be paid to D.L.A. Development, LLC. A  
26           subsequent pre-audit of 4-26-06 indicates D.L.A. Development, LLC was to be  
              paid \$26,000.00.  
              An invoice for \$26,000.00 from D.L.A. Development, LLC dated 4-24-06 for  
              Assignment/Declaration Fee is included in the escrow file. There is no detailed  
              explanation or adequate description in the file to determine what  
              "Assignment/Declaration Fee" means or the purpose of the invoice. On the  
              invoice there is a handwritten note saying "Bof A Acct 4188 April Lucero / wire

1 info for D.L.A. Development.”

- 2 3. On 5-1-06 an outgoing wire for \$26,000.00 was sent to Bank of America for the  
3 benefit of April Lucero, account #XXXXXXXX4188. April Lucero is a  
4 mortgage loan officer at Sterling Home Mortgage, who signed the Fannie Mae  
5 Form 1003 Loan Application as the loan applicant's interviewer on 4-3-06.  
6 According to information provided to the examiners, April Lucero was no longer  
7 employed at Sterling Home Mortgage as of the end of February 2006.  
8 It is unclear why April Lucero, agent for Lamp Light Marketing, received  
9 \$26,000.00.

10 **2. Buyer: Kevin Williams / Seller: Eric D. Ford—Escrow #47-3723-CB**

11 **Open Date: 01-24-06 Close Date: 02-28-06 HUD-1 Contract Sales Price: \$525,000.00**

12 **Escrow Officer: Chris Bartlemus**

13 **Cash-out: \$106,000 Lamp Light Marketing, LLC (April Lucero)**

14 **Loan Status: Foreclosed; Trustee Deed sale 6-25-07**

- 15 1. The Final HUD-1 Escrow Settlement Statement indicates on line #1304 that  
16 \$106,000.00 was to be paid to Lamp Light Marketing, LLC. Escrow instructions  
17 dated 2-28-06 state that “\$106,000.00 is to be paid to Lamp Light Marketing  
18 LLC.” An invoice for \$106,000.00 from Lamp Light Marketing for Assignment /  
19 Declaration fees is included in the escrow file. There is no detailed explanation or  
20 adequate description in the file to determine what “Assignment/Declaration Fee”  
21 means or the purpose of the invoice. April Lucero is the Statutory Agent for  
22 Lamp Light Marketing, LLC.  
23 2. The disbursement listing shows all funds (except one receipt of 1-24-06) on  
24 Escrow File #3723 were received and disbursed the same day the funds were  
25 received, 2-28-06. A personal money order was receipted in on 2-28-06 for  
26 \$883.14 drawn on Wells Fargo Bank. Non-postal money orders funds are  
available on the 5th business day of the deposit; therefore these funds were not  
available until 3-7-06.  
3. On 3-24-06 Lamp Lighting Marketing issued a quit claim deed to D.L.A.  
Development LLC.

1 **3. Buyer: Kevin D. Williams / Seller: Sandra Rubio—Escrow #47-3635-CB**

2 **Open Date: 01-04-06 Close Date: 04-06-06 HUD-1 Contract Sales Price: \$365,000.00**

3 **Escrow Officer: Chris Bartlemus**

4 **Cash-Out: \$51,000 to Lamp Light Marketing, LLC**

5 **Loan Status: Foreclosed; Trustee Deed Sale on 5/21/07**

- 6 1. The Final HUD-1 Escrow Settlement Statement shows the contract price as  
7 \$365,000.00.  
8 The Purchase Contract dated 1-18-06 states the contract sales price as  
9 \$365,000.00. The Purchase Contract was subsequently amended by Addendum  
10 #1 stating, “Buyer reserves the right to borrow additional monies as it related to  
11 this transaction at buyer's expense. Seller will be paid \$314,000.00 gross minus

- 1 seller's traditional closing costs and related payoffs. All additional fees if any paid  
2 by buyer." Assignment of Contract signed by both buyer and seller dated 1-3-06  
3 shows sales price as \$314,000.00.
2. The Final HUD -1 Escrow Settlement Statement shows on line #603 Cash to  
3 seller as \$112,318.94.  
4 The Certified HUD shows \$112,500.70 to the seller. The pre-audit of 1-13-06,  
5 shows \$114,844.29 cash to seller.
3. An out going wire #2300 for \$59,318.94 was sent to Bank of America for benefit  
6 of Sandra Rubio, the seller, for account number # XXXXX8419 on 2-1-06.  
7 Pre-Audit Escrow Settlement Statement of 2-1-06, shows cash to seller for  
8 \$59,318.94.  
9 Line #1305 shows \$51,000.00 to be paid to Lamp Lighting Development LLC  
10 and line #1304 shows \$2,000.00 to Anastasia Lisa Daly.  
11 Invoice dated 1-27-06 from Lamp Light Marketing LLC shows "Assignment /  
12 Declaration fee" of \$51,000.00 due to Lamp Light Marketing. No description or  
13 explanation of "Assignment/Declaration fee," was provided.  
14 Escrow Amendment/Supplement shows \$51,000.00 to be disbursed to Lamp  
15 Light Marketing, \$2,000.00 disbursed to Anastasia Lisa Daly and the remaining  
16 proceeds to Sandra Rubio.  
17 On 2-1-06, Security Title Agency issued check #4702556 for \$51,000.00 payable  
18 to Lamp Light Marketing LLC.  
19 On 2-1-06 Security Title Agency issued check #47025560 for \$2,000.00 payable  
20 to Lisa Daly.  
21 The Final HUD-1 Escrow Settlement Statement form does not show any  
22 disbursements for the \$51,000.00 to Lamp Lighting Development or the  
23 \$2,000.00 to Lisa Daly.  
24 The loan application, Freddie Mac form #65, shows April Lucero as the mortgage  
25 loan officer at Sterling Home Mortgage; she is also the owner of Lamp Light  
26 Marketing.  
Note: There are discrepancies on the Uniform Residential Loan application form  
of 1-27-06 between this escrow file #47-3635 and # 47-3543. On escrow file  
#47-3635, Kevin William's base monthly income is listed as \$8,900.00. Escrow  
file #47-3543 shows a different amount as income. Both files show Kevin  
employed at the BJ's Group Home in Chandler, AZ.
4. On 2-1-06 Security Title Agency issued check #47025565 for \$2,920.00 payable  
to Sterling Mortgage. On 4-6-06 the transaction is marked cancelled on the  
Receipts and Disbursement sheet; however the original check is not marked void.  
On 4-6-06, another check for \$2,920.00, check # 47026449 was issued to Sterling  
Mortgage.

**4. Buyer: Christine Shipett / Seller: Compass Development Inc.—Escrow #47-4677-CB**

**Open Date: 01-09-07 Close Date: 02-22-07 HUD-1 Contract Sales Price: \$935,000.00**

**Escrow Officer: Chris Bartlemus**

**Cash-Out: \$120,000 to JC Development (owned by the buyer, Christine Shiplett)**

**Loan Status: Trustee Sale Scheduled for 12/19/07**

**NOTE: This is the second cash-out and second property flip for this condo facilitated through  
the same escrow officer. See Escrow #47-3464-CB, referenced at paragraph 6 herein.**

1. The final HUD-1 Escrow Settlement Statement form line #1307 shows J.C. Development to be paid \$120,000.00. Escrow instructions dated 2-12-07 state \$120,000.00 is to be paid to JC Development. The escrow instructions lacked a detailed explanation and / or description for the disbursement to JC Development. On 2-22-07 an outgoing wire was sent to Wells Fargo Bank for \$120,000.00, account #XXXXXX7201 for the benefit of JC Development. Per Arizona State Corporate Commission, JC Development is owned by Christine Shiplett which is the buyer on this escrow. It is unclear as to why the buyer received money through a company owned by the buyer.

**5. Buyer: Stephanie McWilliams / Seller: Aaron Scott Mikolic—Escrow #47-3926-CB**

**Open Date:** 05-02-06 **Close Date:** 05-31-06 **Escrow Amount:** \$600,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-Out:** \$114,600 to Lamp Light Marketing, LLC

**Loan Status:** This was the first cash-out for this property. The same escrow officer did the subsequent escrow, #47-4541-CB, referenced at paragraph 7 herein. The subsequent cash-out was for \$35,602.87. The property was subsequently foreclosed and the Trustee Deed sale was on 11/09/07.

1. The Final HUD-1 Escrow Statement shows the contract sales price as \$600,000.00. The Purchase Contract states the contract price as \$600,000.00. An Addendum dated 4-28-06 states, "Seller will be paid \$485,400.00 gross as per line # 8. Buyer reserves the right to borrow additional monies as it related to this transaction; all additional fees, if any with paid by buyer. Buyer will pay the escrow and title fees that represent the difference from \$485,400.00 to the purchase price as per line # 8." (sic)
2. The Final HUD -1 Escrow Settlement Statement, line # 1303 stated \$114,600.00 to be paid to DLA Development. Escrow instructions dated 5-24-06 state \$114,600.00 to be paid to DLA Development. Invoice # 17264 dated 5-30-06 from DLA Development states balance due of \$114,600.00. An outgoing wire dated 6-1-06 for \$114,600.00 was sent to Chase Bank for the benefit of Lamp Light Marketing, LLC account #XXXXXX4971.

**6. Buyer: Tahki Banister / Seller: SLL Enterprises L.L.C.—Escrow #47-3464-CB**

**Open Date:** 10-27-05 **Close Date:** 12-06-05 **HUD-1 Contract Sales Price:** \$675,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-Out:** \$50,469.43 to Compass Development

**Loan Status:** See escrow 47-4677-CB, referenced at paragraph 4 herein, for the subsequent

1 cash-out of \$120,000 and property flip with a sales price of \$935,000 ... Now in foreclosure  
2 with Trustee Sale scheduled for 12-19-07.

- 3 1. The Final HUD-1 Escrow Settlement Statement form states the contract sales  
4 price as \$675,000.00. The Purchase Contract states the contract price as  
5 \$675,000.00.
- 6 2. The Final HUD-1 on line #1301 shows \$55,000.00 to be paid to Compass  
7 Development.  
8 Escrow instructions dated 11-29-05 states a separate check is to be issued to  
9 Compass Development for \$55,000.00 after the close of escrow.  
10 12-6-05, check #47024731 was issued for \$50,469.43 to Compass Development.
- 11 3. The Final HUD-1 Escrow Settlement Statement form shows Cash to Borrower for  
12 \$1,469.43.  
13 The Receipts and Disbursements sheet does not show any checks for \$1,469.43  
14 payable to the buyer, Tahki Banister.
- 15 4. The Final HUD-1 Escrow Settlement Statement shows closing funds totaling  
16 \$10,000.00 on line # 204. Only \$4,000.00 was received from Broker Credit,  
17 leaving a difference of \$6,000.00.
- 18 5. A copy of Funds Wired In, form # 1052665 for \$10,000.00 dated 12-5-05  
19 stamped certified copy by Security Title Agency, was in the escrow file; however  
20 it does not show as an incoming receipt. The \$10,000.00 wire does not show  
21 booked as an incoming wire on the Receipts/Disbursements sheet. The examiners  
22 verified with Clara Seager, Account Department Supervisor that the wire has  
23 never arrived using that reference number. Clara confirmed using Security Title's  
24 internal on line system as well as back up internal reports / print outs that no wire  
25 with that particular reference number existed. It is unclear why the incoming wire  
26 form was in the file if the wire was not actually received at Security Title Agency.
6. A Bank One Official check # 828862384 for \$1,000.00 was issued on 11-1-05.  
This check was receipted 11-22-05. It is unclear when Security Title Agency  
received this check and or where the check was for twenty one (21) days prior to  
depositing at the bank.
7. The Receipts and Disbursement sheet shows three (3) checks payable to Security  
Title Agency each for \$1,000.00. It is unclear why these checks were payable to  
Security Title Agency. Nothing is noted on the Final HUD Settlement Statement  
to explain the reason for the disbursements nor is there adequate backup  
documentation in the file to support the \$1,000.00 checks payable to Security  
Title Agency.

**7. Buyer: Christine Shiplett / Seller: Stephanie McWilliams—Escrow #47-4541-CB**

**Open Date:** 12-04-06 **Close Date:** 02-08-07 **HUD-1 Contract Sales Price:** \$655,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-Out:** \$35,602.87 to AMB Consulting Corp

**Loan Status:** Foreclosed; Trustee Deed Sale on 11/09/07

**NOTE:** This was the second cash-out and second flip for this property through the same  
escrow officer. See escrow #47-3926-CB, referenced at paragraph 5 herein, for the other cash-



1 out of \$114,600.

- 2 1. The Pre Audit HUD-1 Escrow Settlement Statement of 1-29-07, line #1304,  
3 shows \$55,000.00 to be paid to AMB Consulting. Invoice # 186601 from AMB  
4 Consulting Corp. shows \$55,000.00 due to AMB Consulting. There was no  
5 detailed explanation or adequate description provided on the invoice or in the  
6 escrow file to explain why \$55,000.00 was due to AMB Consulting. Escrow  
7 instructions dated 1-29-07 instructed \$55,000.00 to be disbursed / wired to AMB  
8 Consulting Corp.  
9 The Final Escrow Settlement Statement HUD-1, line #1304 shows \$35,602.87 to  
10 AMB Consulting Corp.  
11 The receipts and disbursements log shows an outgoing wire for \$35,602.87 was  
12 sent to Wells Fargo on 2-8-07. A copy of the Security Title Agency Inc Wire out  
13 Form shows \$35,602.87 to Wells Fargo for benefit of AMB Consulting, account  
14 #XXXXXX6473.
- 15 2. A cashier's check drawn on Wells Fargo Bank dated 1-30-07 for \$13,770.94  
16 shows as an incoming receipt #XXXX4641 on 2-8-07. It is unclear when  
17 Security Title Agency received the check or if the check was held prior to  
18 depositing it at the bank on 2-8-07.  
19 The Receipts and Disbursement log shows an incoming receipt for \$500.00 on 12-  
20 8-06.  
21 There are two Security Title Agency receipts for the same \$500.00 check in the  
22 escrow file.  
23 One Security Title Agency receipt is dated 12-4-06 and the receipt is marked  
24 "void 12-8-06". A copy of a check for \$500.00, drawn on Chase Bank, maker of  
25 the check is Lamp Light Marketing, dated 11-30-06 and payable to Chris  
26 Bartlemus, Escrow Officer, was attached to the receipt of 12-4-06. "Earnest" is  
written in the memo section of the check.  
The second Security Title Agency receipt is dated 12-8-06. The copy of the  
check is the same check number with the same information as above; however  
this copy of the check shows Chris Bartlemus' name crossed out and Security  
Title written in on the "payable to" line. The correction was initialed by what  
appears to be April Lucero the owner of Lamp Light Marketing.  
The Lamp Light Marketing name does not show anywhere on the HUD-1  
Settlement Statement form. It is unclear why Lamp Light Marketing would be  
supplying earnest money for this particular escrow. The purpose of this check is  
not known, why it was voided, where the check was held during 11-30 to 12-8-06,  
and if it was a returned /denied item from the bank.  
There is nothing in the escrow file to substantiate a reason why AMB Consulting  
received money from the seller.

**8. Buyer: Kevin D. Williams / Seller: Robert and Leah Varner—Escrow #47-03650-CB**

**Open Date:** 01-09-06 **Close Date:** 01-31-06 **HUD-1 Contract Sales Price:** \$347,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-out:** \$60,000 to Lamplight Marketing, LLC (April Lucero)

**Loan Status:** Foreclosed; Trustee Deed sale on 6-21-07

1. The HUD-1 Escrow Settlement Statement indicated on line #1306 that \$60,000  
was to be paid from seller funds to Lamplighting, LLC. While signed

1 authorization exists in the escrow file to support this payment, the company  
2 invoice, which described the \$60,000 as an Assignment / Declaration Fee, was  
3 from an entity named Lamplight Marketing LLC. It should be noted that actual  
4 disbursement check was made payable to Lamplight Marketing, LLC, whose sole  
5 member / owner is April Lucero. April Lucero is also the mortgage loan officer at  
6 Sterling Home Mortgage, who signed the loan application (Form 1003) as the  
7 applicant's interviewer.

- 8 2. Correspondence from Sandy Mager, West USA Realty dated 1-17-06 to escrow  
9 officer Bartlemus states that "the buyer is borrowing well above the sales price to  
10 use cash for another venture". Ms. Mager quotes the actual contract sales price as  
11 \$287,000 rather than the \$347,000 appearing on the HUD-1, with the buyer taking  
12 \$60,000 as cash. The escrow file contains two purchase contracts, both signed by  
13 the seller on 01-06-06. One contract has a stated purchase price of \$280,000  
14 (counter offer of \$287,000) and the other contract lists a purchase price of  
15 \$347,000 (an increase of \$60,000).
- 16 3. Earnest Money check (#137) in the amount of \$1,000 was receipted on 1-9-06,  
17 held by Security Title, and then voided on 1-26-06. While a copy of the Earnest  
18 Money receipt was faxed to West USA Realty (listing agent) on 1-9-06, the check  
19 was never deposited. Escrow monies must be deposited immediately on receipt  
20 or as soon thereafter as is reasonably practicable. The voided earnest money  
21 receipt was subsequently replaced with a \$1,000 Official Check, which was  
22 receipted and disbursed on 1-31-06 (the same day). The disbursement should not  
23 have occurred until the next business day.

24 **9. Buyer: Christine Shiplett / Seller: D.L.A. Development, LLC—Escrow #47-04542-CB**

25 **Open Date: 12-15-06 Close Date: 02-26-07 HUD-1 Contract Sales Price: \$400,000.00**

26 **Escrow Officer: Chris Bartlemus**

**Loan Status: Notice of Default filed 8/08/07 was scheduled for Trustee Deed Sale for 11/07/07.**

1. Official Check funds are available the next business day after the date of deposit.  
The receipts and disbursement listing shows two official checks (\$9,670.00 and  
\$2,856.00) were received and disbursed on 02-26-07 (the same day). The  
disbursement should not have occurred until the next business day.

**10. Buyer: Kevin D. Williams / Seller: Glen and Collette Kelly—Escrow #47-03632-CB**

**Open Date: 01-04-06 Close Date: 01-24-06 HUD-1 Contract Sales Price: \$261,000.00**

**Escrow Officer: Chris Bartlemus**

**Loan Status: Notice of Trustee Sale recorded 7/31/07; Scheduled for Trustee Sale for 11/07/07  
per Maricopa County Recorder.**

1. The purchase contract (dated 12-31-05) states that "\$1,200.00 earnest money  
already deposited by buyer at Title to be applied to buyers closing costs....".  
Earnest Money check (#136) in the amount of \$1,200 was receipted on 1/9/06,  
held by Security Title, and then voided on 1/24/06 (COE). While a copy of the  
earnest money receipt was faxed to Mike Ryan (listing agent) on 1/9/06, it was  
never deposited. Closing funds of \$3,722.10 were received from the buyer on

1/23/06. Quit Claim, D. Hunter to D.L.A. Dev. LLC. on 4-26-06.

**11. Buyer: Kevin D. Williams / Seller: MLS Property IV LLC—Escrow #47-03645-CB**

**Open Date:** 01-06-06 **Close Date:** 02-02-06 **HUD-1 Contract Sales Price:** \$355,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-out:** \$28,000 Lamplight Marketing, LLC (Loan Officer – April Lucero)

**Loan Status:** Foreclosed; Trustee Deed Sale 5-29-07

1. The HUD-1 Escrow Settlement Statement indicated on line #1304 that \$28,000 was to be paid from seller escrow funds to Lamplight Marketing, LLC. While signed authorization exists in the escrow file to support this third party payment, the accompanying invoice from Lamp Light Marketing LLC, describes the \$28,000.00 as an Assignment / Declaration Fee. It should be noted that Lamplight Marketing, LLC's sole member/owner is April Lucero. April Lucero is also identified in the file as the broker contact at Sterling Home Mortgage, the mortgage broker on this transaction.
2. Earnest Money check (#133) in the amount of \$1,500 was receipted on 1/9/06, held by Security Title, and then voided on 1/31/06. While a copy of the Earnest Money receipt was faxed to the seller on 1/10/06, it was never deposited. Escrow monies must be deposited immediately on receipt or as soon thereafter as is reasonably practicable (A.R.S. Section 6-834). It was replaced with a \$1,500.00 official check, which was receipted on 1/31/06.

**12. Buyer: Deborah Bredenburg / Seller: Brett Marino—Escrow #47-04540-CB**

**Open Date:** 12-15-06 **Close Date:** 01-04-07 **HUD-1 Contract Sales Price:** \$450,000.00

**Escrow Officer:** Chris Bartlemus

**Cash-Out:** \$56,000 to Lamp Light Marketing, LLC (April Lucero)

**Loan Status:** In Foreclosure; Notice of Trustee Sale recorded 10/23/07; Trustee Deed sale scheduled for 01/23/08.

1. The HUD-1 Escrow Settlement Statement indicates on line #508 that the amount due the seller was to be reduced by \$56,000 for a payoff to an unnamed party. Although the payee was not disclosed on the HUD-1, escrow file documentation revealed that, based upon written instruction from the seller, such amount was disbursed to Lamplight Marketing, LLC for renovation and remodeling. It is unclear whether the lender was aware of the actual payee and nature of this disbursement. It should be noted that Lamplight Marketing, LLC's sole member/owner is April Lucero.

**13. Buyer: Darwin Hunter / Seller: Brandon Hansen—Escrow #47-03810-CB**

**Open Date:** 03-13-06 **Close Date:** N/A (Cancelled) **HUD-1 Contract Sales Price:** \$500,000.00

**Escrow Officer:** Chris Bartlemus

- 1 1. Although this escrow was cancelled, the pre-audit HUD-1 Escrow Settlement  
2 Statement indicated on line #1306 that \$95,100 was to be paid from escrow funds  
3 to Lamplighting, LLC. While signed authorization exists in the escrow file to  
4 support this payment to Lamplighting, LLC, the seller's authorization lacked a  
5 stated purpose or reason for issuance of the disbursement check. It should be  
6 noted that Lamplight Marketing, LLC's sole member/owner is April Lucero.  
7 April Lucero is also identified in the file as the lender contact at Sterling Home  
8 Mortgage. Direction to cancel this escrow came from April Lucero on or about 4-  
9 21-06.

10 **14. Buyer: Jonathan Shachar / Seller: Maher Arekat—Escrow #47-04493-CB**

11 **Open Date: 11-22-06 Close Date: 11-28-06 HUD-1 Contract Sales Price: \$545,000.00**

12 **Escrow Officer: Chris Bartlemus**

13 **Cash-Out: \$95,000 to Nogara Financial**

- 14 1. The HUD-1 Escrow Settlement Statement indicates on line #505 that the amount  
15 due the seller was to be reduced by \$95,000 for a payoff of a Private Note to an  
16 unnamed party. Although the payee was not disclosed on the HUD-1, escrow file  
17 documentation revealed that, based upon written instruction from the seller, such  
18 amount was disbursed to Nogara Financial for renovation/consulting. It is unclear  
19 whether the lender was aware of the actual payee and true nature of this  
20 disbursement.

21 **15. Buyer: Deborah Bredenburg / Seller: Bret Marino—Escrow #47-04469-CB**

22 **Open Date: 11-06-06 Close Date: 02-06-07 HUD-1 Contract Sales Price: \$570,000.00**

23 **Escrow Officer: Chris Bartlemus**

24 **Cash-Out: \$37,000 to Phoenix Development LLC**

25 **Loan Status: Foreclosed; Trustee Deed Sale held on 11/05/07**

- 26 1. The HUD-1 Escrow Settlement Statement indicated on line #1303 that \$37,000  
was to be paid from escrow funds to Phoenix Development. While signed  
authorization exists in the escrow file to support this third party payment, the  
seller's instruction lacked a stated purpose or reason for the disbursement.  
Escrow file documentation indicates that \$37,000 was wired to US Bank, for the  
benefit of Phoenix Development Company, L.L.C., on 2-6-07.

**16. Buyer: Stephanie McWilliams / Seller: Addison L. Lawrence—Escrow #47-03980-CB**

**Open Date: 11-06-06 Close Date: 02-06-07 HUD-1 Contract Sales Price: \$460,000.00**

**Escrow Officer: Chris Bartlemus**

**Cash-Out: \$60,000 to First American Title Agency; \$174,831.90 to Amber Ceccarelli**

**Loan Status: This is the first cash-out for this property. A second cash-out and property flip**

1 occurred on 02/15/07 for \$17,752.57 as shown in escrow file 47-04544-CB, referenced at  
2 paragraph 17 herein, which was prepared by the same escrow officer. In foreclosure; Trustee  
3 Deed Sale scheduled for 12/19/07

- 4 1. The HUD-1 Escrow Settlement Statement indicated on line #1304 that \$60,000  
5 was to be paid from escrow funds to D.L.A. Development LLC. While signed  
6 authorization exists in the escrow file to support this third party payment, neither  
7 the seller's written instruction nor the vendor invoice contained a stated purpose  
8 or reason for the disbursement. File documentation indicates that \$60,000 was to  
9 be wired to Chase Bank, for the benefit of D.L.A. Development, LLC on 6-23-06;  
10 however, such wire was voided and the monies disbursed First American Title  
11 Agency instead. Due to the absence of written instruction/authorization or related  
12 correspondence in the escrow file, the circumstances surrounding the  
13 disbursement to First American Title Agency are unknown.
- 14 2. The HUD-1 Escrow Settlement Statement indicated on line #1301 that  
15 \$174,831.90 was to be paid from escrow funds to Amber Ceccarelli. There are no  
16 escrow instructions or other documentation authorizing such disbursement.  
17 Escrow officer Chris Bartlemus sent an unauthorized disbursement wire in the  
18 amount of \$174,831.90 to Chase Bank, for the benefit of Amber Ceccarelli, on 6-  
19 23-06.
- 20 3. The stated sales price on the Affidavit of Value is \$461,000, which differs from  
21 the \$460,000 sales price stated on the Purchase Contract and Final HUD-1.

12 **17. Buyer: Christine Shiplett / Seller: Stephanie McWilliams—Escrow #47-04544-CB**

13 **Open Date: 12-29-06 Close Date: 02-15-07 HUD-1 Contract Sales Price: \$500,000.00**

14 **Escrow Officer: Chris Bartlemus**

15 **Cash-out: \$17,752.57 to AMB Consulting**

16 **Loan Status: This is the second cash-out and a property flip for this property. See escrow**  
17 **47-03980-CB, referenced at paragraph 16 herein, which was prepared by the same escrow**  
18 **officer. In foreclosure; Trustee Deed Sale scheduled for 12/19/07**

- 19 1. The seller provided written instruction for the escrow agent to disburse seller  
20 proceeds via wire to Wells Fargo Bank, for the benefit of AMB Consulting. The  
21 reason for the payment to AMB Consulting is not documented in the file and is  
22 unknown (AMB Consulting is not a party to this transaction). The escrow file  
23 copy of the final HUD-1 indicated \$17,752.57 was due the seller. Although, file  
24 documentation supported such amount being disbursed via wire to AMB  
25 Consulting as instructed, a letter to the seller dated February 15, 2007 states that  
26 the escrow closed and \$17,752.57 was disbursed to Ms. Williams (the seller). It  
does not appear that the lender was aware of the disbursement to AMB  
Consulting.  
It should be noted that the final HUD-1, which was printed during the  
examination, differed from the final HUD-1 contained in the escrow file. Instead  
of showing \$17,752.57 of seller proceeds, the system version (line #1304) listed a  
third party payment in the same amount to D.L.A. Development, a company that

1 is wholly owned by Amanda Adorno, a loan officer at Sterling Home Mortgage, a  
2 licensed mortgage broker. It is unclear why the system version of the final HUD-  
3 1 contained a third party payment to D.L.A. Development, since the escrow file  
lacked any supporting documentation and a disbursement to D.L.A. Development  
never occurred.

- 4 2. Also unclear is why the pre-audit HUD-1 signed by both the buyer and seller on  
5 1-29-07 indicated on line #1304 that \$40,000 was to be paid to Specialty  
Construction. Again, the escrow file lacked any supporting documentation for  
such disbursement and a disbursement to this entity did not appear on the final  
HUD-1.

6 **18. Buyer: Stephanie McWilliams / Seller: PR 7753 Partners, LLC—Escrow #47-03961-CB**

7 **Open Date: 05-12-06 Close Date: 06-16-06 HUD-1 Contract Sales Price: \$690,000.00**

8 **Escrow Officer: Chris Bartlemus**

9 **Cash-Out: \$111,000 to D.L.A. Development, LLC**

10 **Loan Status: In Foreclosure; Trustee Deed Sale scheduled for 2/20/08; this is the second cash-**  
11 **out and flip for this property; see escrow 47-03543-CB, referenced at paragraph 19 herein.**

- 12 1. The Certified Final HUD-1 Escrow Settlement Statement provided to the lender is  
13 not the same as the Final HUD-1 produced during the examination. Escrow file  
documentation indicates that a certified copy of the Final HUD-1 was faxed to the  
14 lender, WMC Mortgage Corp., on 6-16-06. However, the certified copy failed to  
show a \$111,000 third party disbursement, which was sent via wire to Chase  
15 Bank, for the benefit of D.L.A. Development, LLC, on the same day. It should be  
noted that the pre-audit HUD-1 dated June 5 (signed by the seller) and the final  
16 HUD-1 produced during the examination included the disbursement to D.L.A.  
Development on line #1307. The pre-audit HUD-1 dated 6-9, (signed by the  
buyer) did not show the disbursement.
- 17 2. The escrow file also contained conflicting disbursement documentation. While  
the escrow file contains written instruction from the seller to disburse \$110,000 to  
18 D.L.A. Development, the supporting invoice is on the letterhead of L.J.L  
Development and is for a larger amount (\$111,000). Escrow Officer Chris  
19 Bartlemus disbursed the larger amount, which was \$1,000 more than specifically  
authorized by the seller.

20 **19. Buyer: Kevin D. Williams / Seller: Darin D. Ray—Escrow #47-03543-CB**

21 **Open Date: 01-09-06 Close Date: 01-27-06 HUD-1 Sales Contract Price: \$550,000.00.**

22 **Escrow Officer: Chris Bartlemus**

23 **Cash-Out: \$40,000 to Lamp Light Marketing, LLC (April Lucero, Owner of Lamp Light**  
24 **Marketing, LLC and Sterling Loan Officer)**

25 **Loan Status: Property was flipped again in 6/2006 to another accomplice, Stephanie**

26 **McWilliams, who was the seller in Escrow #47-04544-CB, referenced at paragraph 17 herein,**

1 for \$690,000 via Security Escrow 47-47-03961-CB; Scheduled to be sold on 2-20-08

- 2 1. The HUD-1 Escrow Settlement Statement indicated on line #1304 that \$40,000.00  
3 was to be paid to Lamp Light Marketing, LLC. There are no escrow instructions,  
4 lender's instructions or other documentation authorizing the issuance of any  
5 escrow disbursement to Lamp Light Marketing, LLC, from loan and escrow  
6 proceeds.  
7 In the package of documents faxed to the lender on 1-30-06 for final loan funding  
8 approval, the Certified Final HUD-1 faxed to the lender, Crevcor Mortgage, Inc.,  
9 failed to show the provision for a \$40,000.00 disbursement to Lamp Light  
10 Marketing, LLC. Instead, line #1304 on that Certified HUD-1 shows a payment of  
11 \$60.00 to Title Accounting Services Corporation for a Release Tracking Fee.  
12 Certified copies of each of the HUD-1 settlement statements issued to the buyer  
13 and sellers show a provision for the \$40,000.00 disbursement to Lamp Light  
14 Marketing, LLC on line #1304. Both of those Certified HUD-1 settlement  
15 statements issued to the buyer and seller show the payment of \$60.00 to  
16 Accounting Services Corporation for a Release Tracking Fee on the next line, line  
17 #1305 of the escrow settlement statement.  
18 Contrary to the provisions of the HUD-1 Escrow Settlement Statement provided  
19 to Crevcor Mortgage, Inc. for loan and funding approval, Escrow Officer Chris  
20 Bartlemus issued unauthorized disbursement check #47025558, dated 2-1-06 for  
21 \$40,000.00 to Lamp Light Marketing, LLC. Lamp Light Marketing, LLC is  
22 wholly owned by its only member April Lucero, the mortgage broker loan officer  
23 at Sterling Home Mortgage. April Lucero signed the Freddie Mac Form 1003  
24 Loan Application as the loan applicant's interviewer. Neither April Lucero nor  
25 Lamp Light Marketing, LLC, are parties to the escrow transaction. Neither were  
26 in any way authorized by the escrow parties or mortgage lender to receive any  
escrow or loan proceeds.
2. The Certified Final HUD-1 Escrow Settlement Statement provided to the lender  
was not the same as either of the Final HUD-1 Escrow Settlement Statements  
provided to the buyer and sellers. The escrow disbursements exhibited on the  
Certified Final HUD-1 escrow settlement statement issued to Crevcor Mortgage,  
Inc., the lender, are inconsistent with the Certified HUD-1 escrow settlement  
statements issued to the buyer and sellers
3. Inconsistencies regarding the selling price of the property were discovered during  
the review of the escrow file. The "Seller's Certification for Compliance with  
Real Estate Reporting Requirements - 1986 Tax Reform Act" form issued in lieu  
of IRS Form 1099'S, signed and certified by the sellers as a true and accurate  
account of the real estate transaction, stated the amount of the contract sales price  
was \$510,000.00. The Security Title Agency Inc., form "1099 Information for  
Escrow #47-03543-CB stated the Total Consideration was \$550,000.00. The total  
amount on the 1099's issued to the sellers was \$550,000.00. The Affidavit of  
Value notarized by Escrow Officer Chris Bartlemus on 1-27-06 stated the sale  
price of the property to be \$540,000.00 and indicated that the property was "to be  
rented to someone other than family member." The loan application Freddie Mac  
Form 1003 stated the property to be the buyer's/borrower's primary residence.  
The Purchase Contract effective 11-15-05 states the purchase price to be  
\$540,000.00 as compared to the HUD-1 Sale Price of \$550,000.00.
4. The Purchase Contract dated 11-15-05 states that the Buyer is Marc Winfrey.  
Kevin D. Williams is not mentioned in the purchase contract. The Crevcor  
Mortgage, Inc. Freddie Mac Form 1003 loan application forms dated 1-27-06, for  
the 80% LTV \$440,000.00 and 20% LTV \$110,000.00 mortgage loans, the two  
deeds of trust, the title policy issuing instructions, the title insurance policies, the

1 Affidavit of Value and the mortgage documents all state the buyer/borrower to be  
2 Kevin D. Williams.

3 On 2-13-2006, a Quit Claim Deed, dated 1-26-06, and notarized by Escrow  
4 Officer Chris Bartlemus on 2-10-06, was recorded at the Maricopa county  
5 Recorder's Office just eighteen (18) days after the close of escrow, deeding all of  
6 the buyer's, Kevin D. Williams, interests in the property to Lamp Light  
7 Marketing, LLC, the company 100% owned by April Lucero, the mortgage loan  
8 officer employed by Sterling Home Mortgage, the licensed mortgage broker.

9 **20. Buyer: Darwin Hunter /Seller: Ronald B. & Shannon M. Ducharme-Escrow #47-03778-CB**

10 **Open Date: 03-02-06 Close Date: 04-24-06 HUD-1 Contract Sales Price: \$350,000.00**

11 **Escrow Officer: Chris Bartlemus**

12 **Cash-Out: \$70,000 to Lamp Light Marketing, LLC (April Lucero, Owner of Lamp Light**

13 **Marketing, LLC and Sterling Loan Officer)**

14 **Loan Status: Foreclosed; Trustee Deed Sale held on 10/01/07**

- 15 1. The original Purchase Price stated in the Purchase Contract dated 2-15-06 was  
16 \$350,000. The Purchase Contract was subsequently amended by undated  
17 Addendum #1 stating, "Seller will be paid \$280,000 gross, minus seller's  
18 traditional closing costs/commissions as related to payoff." Addendum #1 also  
19 stated, "Buyer reserves the right to borrow additional monies as related to this  
20 transaction." The \$350,000 escrow proceeds disbursed represent 120% of the  
21 \$280,000 amended purchase price of the property to be paid to the seller. The  
22 First Deed of Trust dated 4-19-06 secures the \$280,000 loan #906040239 by  
23 Concord Mortgage Company to Darwin Hunter, the buyer.
- 24 2. Line #1303 of the HUD-1 escrow settlement statement provides for \$70,000 of  
25 the seller's proceeds to be paid to Lamp Light Marketing, LLC, a company that is  
26 wholly owned by April Lucero, the mortgage broker loan officer of Sterling  
Home Mortgage, a mortgage broker. Through this transaction, the Buyer  
obtained the additional \$70,000 paid to Lamp Light Marketing, LLC, from loan  
#906040240 advanced by Concord Mortgage Company and secured by a Second  
Deed of Trust dated 4-19-06.
3. Contrary to the provisions of the HUD-1 escrow settlement statement line #1303,  
and in the absence of adequate written escrow instructions, Escrow Officer Chris  
Bartlemus issued an unauthorized outgoing wire #00002473 in the amount of  
\$70,000 to Chase Bank for the benefit of D.L.A. Development LLC. D.L.A.  
Development, LLC is wholly owned by Amanda Adorno, its only member.  
Amanda Adorno is a mortgage loan officer of Sterling Home Mortgage, a  
licensed mortgage broker. Sterling Home Mortgage, the mortgage brokerage  
company, received mortgage related fees including \$500 loan origination fees,  
\$395 loan processing fees, and a \$700 yield spread premium paid by the mortgage  
lender, Concord Mortgage Company, paid outside the escrow closing.
4. The Affidavit of Value dated 4-20-06 states the value of the property to be  
\$350,000. Escrow Officer Chris Bartlemus notarized two conflicting signatures  
of Darwin Hunter on the Affidavit of Value on 4-20-06 indicating that he was  
both the Buyer/Agent and the Seller/Agent.
5. An Assignment of Deed of Trust dated 4-30-07, and recorded by the Maricopa



County Recorder's Office, transferred all beneficial interest under the Deed of Trust dated April 19, 2006, from Mortgage Electronic Registration Systems, Inc., as beneficiary to U.S. Bank National Association as Trustee for CSMC ARMT 2006-3.

6. A Notice of Trustee Sale dated 4-30-07 was filed with the Maricopa County Recorder's Office by the Trustee/Successor Trustee on behalf of U.S. Bank National Association, the beneficiary of the two deeds of trust. The property is scheduled to be sold by public auction to the highest bidder on July 31, 2007, at the office of the Trustee/Successor Trustee.

**21. Buyer: Deborah Bredenburg / Seller: Scott & Jodie Wilson Escrow #47-04527-CB**

**Open Date: 11-16-06 Close Date: 11-30-06 HUD-1 Contract Sales Price: \$465,000.00**

**Escrow Officer: Chris Bartlemus**

**Cash-Out: \$31,033.62 to Lamp Light Marketing, LLC**

**Loan Status: Foreclosed; Trustee Deed sale held on 11/12/07**

1. The Addendum to Purchase Contract dated 10-3-06 changed the terms of the purchase agreement to read: "Property to be purchased at full market value \$465,000. Seller will be paid \$390,000 minus seller's payoffs and seller's closing cost. Seller will credit \$37,500 to Phoenix Development LLC and \$37,500 to QD Development LLC."  
An "Instructions to Escrow" document dated 11-18-06 instructs the escrow officer to disburse \$37,500 of the seller's proceeds to Phoenix Development Co. LLC and \$30,322.05 to QD Development LLC.  
HUD-1 Continuation Page 3 of the HUD-1 Escrow Settlement Statement states the amount paid to QD Development LLC was to be \$31,033.62, contrary to the amended terms of the purchase contract and the instructions to the escrow officer. The HUD-1 Escrow Settlement Statement provisions failed to conform to the terms of the Addendum to Purchase Contract dated 10-3-06 or the "Instructions to Escrow" document dated 11-18-06.
2. On 11-30-06, Outgoing Wire #2998 in the amount of \$31,033.62 was sent to Chase Bank crediting Lamplight Marketing LLC's checking account #XXXXXX4971 as provided for by the HUD-1 Escrow Settlement Statement, but contrary to the Addendum to the Purchase Contract or the "Instructions to Escrow" document signed by the seller.
3. An undated and unsigned "verbal" instructions memo, present in the escrow file, instructed the escrow officer to wire the escrow proceeds to Chase Bank and to credit checking account # XXXXXX4971 in the name of Lamplight Marketing LLC, to benefit QD Development LLC. QD Development LLC is wholly owned by Quintin Graves, the company's only Manager and Member.
4. Quintin Graves is also a mortgage broker loan officer of Achievers Mortgage Co., the mortgage broker receiving loan origination and processing fees totaling \$1,400 through this escrow transaction. Quintin Graves is stated on the Form 1003 Loan Application as the loan officer and interviewer that obtained the buyer/borrower's application credit and other information from the buyer and the person who completed the Freddie Mac Form 1003 Loan Application form, dated and signed by the buyer on 11-18-06.
5. Escrow Receipt #644222 dated 11-16-06, documented the \$2,000 Chase Bank N.A. official check earnest money deposit of the buyer, Deborah Bredenburg.

1 The Receipts and Disbursements Ledger, created, maintained and under the sole  
2 control of Escrow Officer Chris Bartlemus, indicated the Receipt #644222,  
3 \$2,000 posting date of 11-28-06, twelve days after the true receipt of funds by the  
4 Company. That Escrow Receipt was also shown as posted to the Company's  
5 official escrow accounting receipts and disbursement system ledger on 11-28-06.  
6 In an interview with Ms. Clara Seager, Accounting Department Supervisor, Ms.  
7 Seager stated that the Receipts and Disbursements Ledger created and maintained  
8 solely by the branch is created using a separate program and is not linked in any  
9 way to the official escrow accounting systems of the Company. No explanation  
10 or reason for the twelve (12) day delay in the posting of the earnest money deposit  
11 to the Company's escrow accounting system was available, other than the  
12 possibility that an un-inventoried "courtesy" receipt was provided to the  
13 depositor and the check presented for deposit by the buyer was held in the escrow  
14 file or was otherwise withheld from being deposited into the escrow trust bank  
15 depository account until the official posting date. Courtesy receipts often used by  
16 branches, although numbered, are not inventoried, controlled or otherwise  
17 accounted for by the Company and do not receive any of the follow-up impressed  
18 by the Corporate accounting system. Corporate receipts used by the Company are  
19 inventoried and controlled through the accounting software systems.

20 **22. Buyer: Darwin Hunter / Seller: Bradford L. Drake—Escrow #47-03722-CB**

21 **Open Date: 01-31-06 Close Date: 04-10-06 HUD-1 Contract Sales Price: \$359,000.00**

22 **Escrow Officer: Chris Bartlemus**

23 **DT Recorded: 4-11-06. Quit Claim Deed Dated 4-11-06, Recorded 4-18-06: Hunter, a**

24 **Married Man (Buyer) to DLA Development, LLC.**

25 **Property Parcel No.: Lot 30, Olive Acres.**

26 **Cash-Out: \$50,900 to Lamp Light Marketing, LLC**

**Loan Status: Foreclosed; Trustee Deed Sale was on 9/14/2007**

1. The 90% LTV, \$323,910 adjustable rate mortgage loan was funded 4-10-06 by Decision One Mortgage, Co. LLC. On 4-11-06, the day after the close of escrow, Escrow Officer Chris Bartlemus dated and notarized a Quitclaim Deed for Darwin Hunter, the Buyer, quit-claiming Hunter's interest in the newly purchased and financed property to DLA Development, LLC. On 4-18-06, only eight days after the close of escrow, Escrow Officer Chris Bartlemus recorded the Quitclaim Deed for Darwin Hunter, the Buyer/Borrower. DLA Development, LLC is wholly owned by Amanda Adorno, a mortgage broker loan officer of Sterling Home Mortgage, LLC. Loan officer and interviewer April Lucero, also of Sterling Home Mortgage, LLC, assisted Hunter, the buyer, in completion of the Freddie Mac Form 1003 Loan Application forms and signed the loan application dated 4-2-06. April Lucero is also the sole owner and member of Lamp Light Marketing LLC. Escrow proceeds totaling \$50,900 were disbursed to Lamp Light Marketing LLC, the loan officer's wholly owned company.  
The Quitclaim Deed by the Buyer, transferring the property to DLA Development, LLC, also appears to constitute a breach of paragraph #11 of the Adjustable Rate Note #XXXXXXXXX54210 dated 4-6-06. Additionally, the Quit

- 1 Claim Deed by the Buyer/Borrower, Hunter, dated 4-11-06 and recorded on 4-18-  
2 06, quit-claiming his interest in the newly purchased and financed property to  
3 DLA Development, LLC, appears to constitute a breach of Paragraph #18 of the  
4 Deed of Trust recorded 4-11-06, MERS MIN#XXXXXXXXXXXX68759.
- 5 2. Conflicting escrow instructions to the escrow officer were exhibited in the escrow  
6 file, illustrated by: A separate document dated 2-21-06, and signed by the Seller,  
7 Drake, the Escrow Agent was instructed to, "Pay Lamp Light Marketing, LLC  
8 \$50,900.00."
- 9 The Escrow Agent subsequently received an incomplete invoice, dated 3-20-06,  
10 from D.L.A. Development LLC, for payment of an "Assignment/Declaration  
11 Fee" of \$50,900.00, to be paid from the escrow proceeds. The invoice was  
12 unsigned by any escrow party or by any representative of D.L.A. Development  
13 LLC or any other person or entity.
- 14 3. On 4-18-06, only eight days after the close of escrow, Darwin Hunter  
15 (Buyer/Borrower) recorded a Quit Claim Deed dated and notarized on 4-11-2006,  
16 one day after the Close of Escrow, by Escrow Officer Chris Bartlemus. By that  
17 Quit Claim Deed, the Buyer, Hunter, transferred his interest in his newly  
18 purchased and financed property to DLA Development, LLC, company wholly  
19 owned by the mortgage broker loan officer, Amanda Adorno.
- 20 4. An Affidavit of Property Value dated 3-23-06 was unsigned by the buyer and  
21 seller or their agents, but the form's blank signature lines were notarized by  
22 escrow employee Jesse T. Reynolds on 3-23-06.

23 5. Respondent improperly disbursed \$1,335,190.39 (One million, three hundred thirty five  
24 thousand, one hundred ninety dollars and thirty nine cents) contrary to the provisions of HUD-1  
25 escrow statements or written escrow instructions.

### 26 LAW

1 Pursuant to Title 6, Chapter 7, of the Arizona Revised Statutes, the Superintendent has  
2 the authority and duty to regulate all persons engaged in the escrow agent business and with the  
3 enforcement of statutes, rules, and regulations relating to escrow agents.

4 2. By the conduct set forth above, Mr. Bartlemus has violated statutes governing escrow  
5 agents as follows:

- 6 a. A.R.S. §§ 6-837(B) and 6-841(B) by failing to maintain adequate escrow file  
7 documentation; and
- 8 b. A.R.S. §§ 6-841, 6-834(A) and 6-841.01 by failing to properly account for escrow  
9 property by improper disbursement of escrow funds, specifically:
- 10 i. A.R.S. § 6-834(A) by failing to properly account for escrow property as  
11 required by the terms of the escrow;

- 1           ii.    A.R.S. § 6-834(A) and A.R.S. § 6-841 by failure to disburse funds in  
2                   accordance with the provisions of the HUD-1 escrow; and  
3           iii.   A.R.S. § 6-834(A) and A.R.S. § 6-841 by failing to follow written escrow  
4                   instructions;

5           3. Mr. Bartlemus' conduct, as set forth above, constitutes acts, omissions, and practices  
6           which demonstrate personal dishonesty or unfitness to continue in office or to participate in the  
7           conduct of the affairs of any financial institution or enterprise and is grounds for removal and the  
8           prohibition of Mr. Bartlemus within the meaning of A.R.S. § 6-161(A)(1).

9           4. Mr. Bartlemus' violations of A.R.S. §§ 6-837(B) and 6-841(B) constitute grounds for the  
10          removal and prohibition of Mr. Bartlemus from participating in any manner in the conduct of the  
11          affairs of any financial institution or enterprise, pursuant to A.R.S. § 6-161(A)(6).

12          5. Mr. Bartlemus' violations of A.R.S. §§ 6-841, 6-834(A) and 6-841.01 constitute grounds  
13          for the removal and prohibition of Mr. Bartlemus from participating in any manner in the conduct of  
14          the affairs of any financial institution or enterprise, pursuant to A.R.S. § 6-161(A)(6).

15          6. The violations, set forth above, constitute grounds for the Superintendent to order the  
16          removal and the prohibition of Mr. Bartlemus from further participation in any manner as a director,  
17          officer, employee, agent or other person in the conduct of the affairs of any financial institution or  
18          enterprise, pursuant to A.R.S. §6-161.

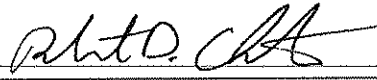
19          WHEREFORE, if after a hearing, the Superintendent makes a finding of one or more of the  
20          above-described violations, the Superintendent may remove and prohibit Mr. Bartlemus from further  
21          participation in any manner in the conduct of the affairs of any financial institution or enterprise  
22          pursuant to A.R.S. § 6-161(E) and may order any other remedy necessary or proper for the  
23          enforcement of the statutes and rules regulating escrow agents in Arizona pursuant to A.R.S.  
24          §§ 6-123, 6-131 and 6-161.

25          ...

26          ...

1 DATED this 24 day of April, 2008.

2 Felecia A. Rotellini  
3 Superintendent of Financial Institutions

4 By   
5 Robert D. Charlton  
6 Assistant Superintendent of Financial Institutions

7 ORIGINAL of the foregoing filed this 24th  
8 day of April, 2008, in the office of:

9 Felecia A. Rotellini  
10 Superintendent of Financial Institutions  
11 Arizona Department of Financial Institutions  
12 ATTN: Susan L. Longo  
13 2910 N. 44th Street, Suite 310  
14 Phoenix, AZ 85018

15 COPY mailed/delivered same date to:

16 Thomas Shedden  
17 Administrative Law Judge  
18 Office of Administrative Hearings  
19 1400 W. Washington, Suite 101  
20 Phoenix, AZ 85007

21 Craig A. Raby  
22 Assistant Attorney General  
23 Office of the Attorney General  
24 1275 W. Washington  
25 Phoenix, AZ 85007

26 Robert D. Charlton, Assistant Superintendent  
Arizona Department of Financial Institutions  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

COPY MAILED SAME DATE by Regular Mail  
and Certified Mail, Return Receipt Requested, and  
SERVED SAME DATE by Process Server, to:

Chris Bartlemus  
1814 East Patrick Lane  
Phoenix, AZ 85024

  
117269; PHX-AGN-2008-0010



## ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

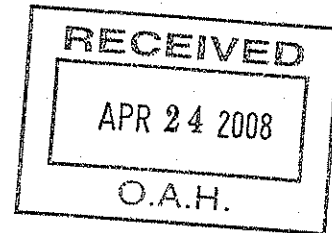
Felecia A. Rotellini  
Superintendent of Financial Institutions

Janet Napolitano  
Governor

April 24, 2008

VIA CERTIFIED MAIL

Chris Bartlemus  
1814 East Patrick Lane  
Phoenix, AZ 85024



Reference: Docket # 08F-BD057-BNK/ CHRIS BARTLEMUS

Dear Mr. Bartlemus:

Please find the enclosed formal Notice of Hearing and Intent to Remove and Prohibit. The hearing is scheduled for **June 16, 2008 at 9:00 a.m.** at the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix, Arizona.

Please contact Assistant Attorney General Craig Raby at (602) 542-8889 with any questions.

Very truly yours,

Robert D. Charlton  
Assistant Superintendent

RDC:sl

Enclosures

cc: Craig Raby, Assistant Attorney General